

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-10429 (SHL)**
Debtors.¹ : **(Jointly Administered)**

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**FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), 503(b) & 507(a)
(i) AUTHORIZING, BUT NOT DIRECTING, DEBTORS TO PAY CERTAIN
PREPETITION (a) CHARGES OF SHIPPERS, WAREHOUSEMEN, AND OTHER LIEN
CLAIMANTS AND (b) CUSTOMS DUTIES, (ii) GRANTING ADMINISTRATIVE
EXPENSE STATUS FOR CERTAIN GOODS DELIVERED POSTPETITION, AND
(iii) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS
TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

A hearing having been held on March 22, 2016 (the "Hearing"), to consider the motion, dated February 25, 2016 (the "Motion"),² of Republic Airways Holdings Inc. ("RAH"), and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), pursuant to sections 105(a), 363(b), and 503(b), and 507(a) of title 11, United States Code (the "Bankruptcy Code"), for entry of an order (i) authorizing, but not directing, Republic to pay, in its discretion, (a) the prepetition claims of certain Lien Claimants, including Shippers, Warehousemen, and Other Lien Claimants and (b) Customs Duties, (ii) granting administrative status to the claims related to certain Goods ordered prepetition but delivered to Republic

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1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
 2. Capitalized terms not otherwise herein defined shall have the meanings ascribed to them in the Motion.

postpetition, and (iii) authorizing and directing the banks and financial institutions at which Republic maintains disbursement accounts, including but not limited to, those identified on Schedule 1 hereto (collectively, the “Banks”) to pay, honor, and process related checks and automated and other electronic fund transfers with respect to the foregoing, all as more fully set forth in the Motion; and the Declaration of Bryan K. Bedford Pursuant to Local Bankruptcy Rule 1007-2 having been filed with the Court contemporaneously with the Motion (the “Bedford Declaration”); and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Motion having been provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) the holders of the ten largest secured claims against Republic (on a consolidated basis), (iii) the holders of the forty largest unsecured claims against Republic (on a consolidated basis), (iv) the attorneys for the agents under Republic’s prepetition revolving credit facilities, (v) the attorneys for Republic’s Codeshare Partners, (vi) the International Brotherhood of Teamsters, (vii) the Securities and Exchange Commission, (viii) the Internal Revenue Service, (ix) the Office of the United States Attorney for the Southern District of New York, and (x) the Banks (collectively, the “Notice Parties”), and it appearing that no other or further notice need be given; and a hearing having been held on February 26, 2016 to consider the relief requested in the Motion on an interim basis (the “Interim Hearing”); and the Court having entered an order granting the relief requested in the Motion on an interim basis (the “Interim Order”); and upon the Motion, the papers in support thereof and the responses thereto,

if any, the Bedford Declaration, the record of the Hearing, the record of the Interim Hearing, and all of the proceedings had before the Court; and the appearances of all interested parties having been noted in the record of the Hearing and the record of the Interim Hearing; and the Court having found and determined that the relief sought in the Motion is necessary to avoid immediate and irreparable harm to Republic and its estates, as contemplated by Fed. R. Bankr. P. 6003, and is in the best interests of Republic, its estates, creditors, and all parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted on a final basis, to the extent set forth herein; and it is further

ORDERED that any objections to the Motion that have not been withdrawn or resolved by the Interim Order or by this Order are overruled in all respects; and it is further

ORDERED that, pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, Republic is authorized, but not directed, to pay obligations owed to Lien Claimants, including, without limitation, Shippers, Warehousemen, and Other Lien Claimants, whether relating to the period before or after the Commencement Date, as Republic determines, in the exercise of its business judgment, to be necessary or appropriate to obtain the release or delivery of Goods to Republic (which may include the payment of claims under section 503(b)(9) of the Bankruptcy Code) upon such terms and in the manner provided in this Order and the Motion; provided that the amount paid with respect to such obligations shall not exceed the aggregate amount of \$3,590,000; and it is further

ORDERED that, as a condition to Republic's payment of any obligations to a Lien Claimant which are secured by a mechanics' lien, possessory lien, artisans' lien, or similar

lien on Republic's Goods or other property, the Lien Claimant shall agree to (a) continue to supply Goods or services to Republic on terms no less favorable to Republic those in effect prior to the Commencement Date or on such other terms individually agreed to between Republic and such Lien Claimant that Republic deems reasonably acceptable and (b) take whatever action is necessary to remove such lien at the Lien Claimant's sole expense; and it is further

ORDERED that if a Lien Claimant (a) has received payment of its claim and thereafter refuses to continue to supply Goods or services to Republic on terms no less favorable to Republic those in effect prior to the Commencement Date or on such other terms individually agreed to between Republic and such Lien Claimant that Republic deems acceptable or (b) that holds a mechanics' liens, possessory lien, artisans' lien, or similar lien on Republic's Goods or other property securing its claim, fails to take whatever action is necessary to remove such lien at the Lien Claimant's sole expense, then in the case of either (a) or (b), Republic may, in its discretion and in consultation with counsel to the Committee, declare that (x) the payment of the Lien Claimant's claim is a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code that Republic may recover in cash or in goods from such Lien Claimant (including by setoff against postpetition obligations) or (y) the Lien Claimant shall immediately return the payment of its claim without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever, and the claim shall be reinstated in such an amount so as to restore Republic and the Lien Claimant to their original positions as if no payment of the claim had been made; and it is further

ORDERED that Republic shall maintain a matrix summarizing (a) the name of each party paid pursuant to this Order, (b) the amount paid to each party for its claim, and (c) the type of goods or services provided by each party (the "Warehousman Summary"). Republic will

provide the Warehousemen Summary to (i) the U.S. Trustee upon request, and (ii) the advisors for the Committee promptly after entry of this Order and monthly thereafter or with such other frequency as may be agreed upon among the parties; provided, that the Committee's advisors shall keep the Warehouseman Summary confidential and shall not disclose any of the information in the Warehouseman Summary to any person or entity, including, but not limited to, any member of the Committee, without the prior written consent of Republic; and it is further

ORDERED that Republic, any third parties acting as its Customs Brokers, and their agents are hereby authorized to make all payments with respect to Customs Duties, including related fees, whether relating to the period prior to or after the Commencement Date; and it is further

ORDERED that the undisputed obligations Republic arising under the Prepetition Orders are afforded administrative expense priority status pursuant to section 503(b)(1)(A) of the Bankruptcy Code; and it is further

ORDERED that, pursuant to section 363(c)(1) of the Bankruptcy Code, Republic is authorized to pay in the ordinary course of its business all undisputed obligations arising from the postpetition delivery or shipment by Vendors of Goods under Prepetition Orders consistent with their customary practice; and it is further

ORDERED that nothing herein or in the Motion shall be construed as to limit, or in any way affect, Republic's ability to dispute or contest the amount of or basis for any claims against Republic arising in connection with the Prepetition Orders; and it is further

ORDERED that the Banks are authorized and directed to receive, process, honor, and pay, at Republic's direction, to the extent of funds on deposit or otherwise available therefor, any and all checks drawn or electronic fund transfers requested or to be requested by Republic in

respect of any (a) obligations to Lien Claimants, (b) Customs Duties, or (c) Prepetition Orders, in each case whether relating to the period prior to or after the Commencement Date; and it is further

ORDERED that Republic is authorized, but not directed, to issue new postpetition checks, or effect new electronic fund transfers, on account of any payments made hereunder to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of Republic's chapter 11 cases; and it is further

ORDERED that nothing contained in this Order or in the Motion, and no payments made pursuant to this Order are intended to be or shall be construed as (a) an admission as to the validity, priority, or perfection of any claim or lien against Republic or its property, (b) a waiver of Republic's or any appropriate party in interest's rights to avoid or dispute any claim or lien against Republic or its property, or (c) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise any payment made pursuant to this Order is not intended to be and shall not be construed as an admission to the validity, priority, or amount of any claim or a waiver of the Debtors' rights to dispute such claim subsequently; and it is further

ORDERED that notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by, any party; and it is further

ORDERED that Fed. R. Bankr. P. 6003(b) has been satisfied; and it is further

ORDERED that the requirements set forth in Fed. R. Bankr. P. 6004(a) are waived; and it is further

ORDERED that this Order shall not impair or otherwise affect any action taken pursuant to the Interim Order; and it is further

ORDERED that Republic is authorized to take all steps necessary to carry out this Order; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the interpretation, implementation, or enforcement of this Order.

Dated: New York, New York
March 23, 2016

/s/ Sean H. Lane
United States Bankruptcy Judge

Schedule 1

Banks and Other Financial Institutions

Entity	Bank	Acct Last 4	Type	Cur.
Republic Airways Holdings Inc.	Bank of America	9785	Operating	USD
Republic Airways Holdings Inc.	Bank of America	1560	Accounts Payable	USD
Republic Airways Holdings Inc.	Bank of America	9670	Manual Payroll	USD
Republic Airways Holdings Inc.	Bank of America	7605	LC Restricted Cash	USD
Republic Airways Holdings Inc.	Bank of America	3476	Securities Custody	USD
Republic Airline Inc.	Bank of America	2600	Operating	USD
Republic Airline Inc.	Bank of America	1586	Accounts Payable	USD
Republic Airline Inc.	Bank of America	3160	Manual Payroll	USD
Shuttle America Corporation	Bank of America	3814	Operating	USD
Shuttle America Corporation	Bank of America	7108	Accounts Payable	USD
Shuttle America Corporation	Bank of America	9819	Manual Payroll	USD
Shuttle America Corporation	Bank of America (Canada)	8207	Operating	CAD
Shuttle America Corporation (Chautauqua)	Bank of America	4556	Operating	USD
Midwest Air Group, Inc.	Bank of America	9120	Operating	USD
Republic Airline Inc.	JPMorgan	1038	Operating	USD
Republic Airways Holdings Inc.	JPMorgan	1038	Operating	USD
Shuttle America Corporation	JPMorgan	6755	Operating	USD
Republic Airways Services, Inc.	JPMorgan	3380	Operating	USD
Republic Airways Holdings Inc.	JPMorgan	0690	Investments Clearing	
Republic Airline Inc.	US Bank	7576	ACH	USD
Shuttle America Corporation	US Bank	7865	ACH	USD
Republic Airways Holdings Inc.	Deutsche Bank	0741	Irrevocable Trust	USD
Republic Airways Holdings Inc.	Key Bank	0496	Operating	USD
Republic Airways Holdings Inc.	Key Bank	4121	Accounts Payable	USD
Republic Airways Holdings Inc.	Key Bank	4139	Manual Payroll	USD
Republic Airline Inc.	Key Bank	0520	Operating	USD
Republic Airline Inc.	Key Bank	4105	Accounts Payable	USD
Republic Airline Inc.	Key Bank	4113	Manual Payroll	USD
Shuttle America Corporation	Key Bank	0553	Operating	USD
Shuttle America Corporation	Key Bank	4147	Accounts Payable	USD
Shuttle America Corporation	Key Bank	4154	Manual Payroll	USD
Shuttle America Corporation	Key Bank	0835	Operating	CAD
Midwest Air Group, Inc.	Key Bank	0587	Operating	USD